

**AGENCY OF HUMAN SERVICES  
DEPARTMENT OF HEALTH AND  
DEPARTMENT OF DISABILITIES, AGING AND INDEPENDENT LIVING**

**DESIGNATED MENTAL HEALTH AND DEVELOPMENTAL SERVICES  
AGENCY CERTIFICATE OF APPROVAL**

**APPLICATION PROCEDURES AND INSTRUCTIONS**

**November 2006**

Vermont Designated Mental Health and Developmental Services Agencies planning new projects are excluded from Certificate of Need (CON) review under 18 V.S.A. § 9435(b). Rather, these agencies must seek and receive written approval from both the Commissioner of the Vermont Department of Health (VDH) and the Commissioner of the Department of Disabilities, Aging and Independent Living (DAIL). If the project involves services or structures only for people with developmental disabilities or people with mental illness, then only the approval of the respective commissioner for the relevant department is required. The approval, known as a Certificate of Approval (COA), must be received prior to implementing any project which involves the following:

- Capital expenditure exceeding \$1,500,000 for construction, development, purchase or long-term lease of property or an existing structure
- Purchase of technology, technology upgrade, other equipment or a renovation with a cost exceeding \$1,000,000
- The offering of a health care service having a projected annual operating expense that exceeds \$500,000 for either of the next two budgeted fiscal years if the service was not offered or employed by the health care facility within the previous three fiscal years.

**APPLICATION PROCESS AND TIMELINE**

**Process:** Applicants interested in developing projects that approach the expenditure thresholds identified above must initially submit a Letter of Intent (LOI) to the Commissioners of VDH and DAIL explaining the intent of their project and the estimated projected costs associated with it. If the projected costs exceed 75% of the three expenditure thresholds identified above, an LOI must be submitted to allow for consideration of potential cost overruns. The Departments will confer with each other and respond in writing indicating whether or not the proposed project is subject to review for a Certificate of Approval. If a COA is required, applicants must then complete the COA application that includes the following:

- Application Cover Page signed by the applicant's certifying official.
- A project narrative that includes an overview of the project and responses to the review criteria questions.
- Completion of the necessary financial tables.
- Any required attachments identified in the narrative such as schematic drawings, strategic plans or feasibility studies.

One original complete application should be submitted to the Commissioner of DAIL and one to the Commissioner of Health. Two (2) additional copies, excluding peripherally relevant documents that are incorporated in the application by reference, should be submitted to DAIL, and two (2) to VDH for distribution to review staff. The completed application and all related attachments and tables must also be submitted electronically to the identified lead staff in each department.

**Timeline:** The timeline for the Certificate of Approval review process is as follows:

- Designated Agency submits a Letter of Intent to VDH and DAIL summarizing the proposed project and its associated projected costs.
- VDH and DAIL respond with a written acknowledgment of Letter of Intent to applicant within 20 calendar days of receipt, and notify applicant if the proposal is subject to VDH/DAIL review for a COA.
- Applicant completes and submits application and required attachments.
- VDH and DAIL review submitted application and within 20 calendar days *either* determines the application to be complete or asks for additional information. Either determination must be communicated to the applicant in writing.
- If Application is not complete, VDH and DAIL respond to the applicant with a written request for additional information. When the applicant responds to the request, the information is reviewed to determine if the application is then complete. This process continues until the Departments determine that the application is complete and the applicant is notified in writing of this determination.
- When the application is ruled complete, Department staff will proceed with their review and schedule a public input process for written comments. The application, and its related attachments and tables, will be posted on the VDH Division of Mental Health Website and on the DAIL website. The public input process should last at least 20 calendar days and should include one public hearing. The public input process will be announced on the Departments' websites and the public hearing will be properly noticed. The Departments may create a project-specific review panel to participate in the public hearing and make recommendations to the Commissioners. If a review panel is created, it would be appointed by one or both of the Commissioners, depending on the nature of the project.
- The DAIL and VDH Commissioners will issue a decision on the application (either a Certificate of Approval or denial) within 75 calendar days of ruling the application complete.
- Upon notification of a COA approval, applicant must submit the COA approval letter and original Letter of Intent to BISCHA as called for in 18 V.S.A. § 9435(b).
- During a construction or renovation project requiring a COA, the applicant must submit monthly narrative summaries describing the progress of the project any potential issues arising during construction or renovation. Included with the monthly progress reports must be a financial statement detailing all expenses and revenues to date, noting any changes that may impact the overall cost of the project.



**VERMONT AGENCY OF HUMAN SERVICES  
DEPARTMENT OF HEALTH AND  
DEPARTMENT OF DISABILITIES, AGING AND INDEPENDENT LIVING**

**CERTIFICATE OF APPROVAL APPLICATION  
COVER PAGE**

Applicant: \_\_\_\_\_

Project Title: \_\_\_\_\_

Principal Contact: \_\_\_\_\_

Address: \_\_\_\_\_

(street) (town/city)

(state) (zip code) (telephone number)

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**PROJECT TYPE & AMOUNT**

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- ☐ Capital expenditure exceeding \$1,500,000 for construction, development, purchase or long-term lease of property or existing structure
- ☐ Purchase of a technology, technology upgrade, other equipment or a renovation with a cost exceeding \$1,000,000
- ☐ The offering of a health care service having a projected annual operating expense that exceeds \$500,000 for either of the next two budgeted fiscal years if the service was not offered by the health care facility within the previous three fiscal years.

A. Proposed Capital Expenditure (Total Table 1) \$ \_\_\_\_\_

B. Proposed Lease Amount (payment times term) \$ \_\_\_\_\_ I certify to the best of my knowledge and belief, that the information in this application is true and correct and that this application has been duly authorized by the governing body of the applicant.

CERTIFYING OFFICIAL: \_\_\_\_\_  
(Name & Title)

SIGNATURE: \_\_\_\_\_

DATE: \_\_\_\_\_

# **CERTIFICATE OF APPROVAL APPLICATION: NARRATIVE AND FINANCIAL TABLES**

## **A. NARRATIVE: PROJECT OVERVIEW AND DETAILS**

Describe the project with sufficient detail for readers to understand the magnitude, complexity, and major elements of what is being proposed. Specify the capital and operating costs resulting from the project and your agency's rationale for undertaking the project at this time. Please keep this statement reasonably concise and provide the following applicable details:

1. For construction or renovation projects:
  - a) Provide dates for the duration of the proposed construction and renovation period.
  - b) Include schematic drawing, at least 1/16" scale, for the existing and proposed facility.
  - c) Provide existing and proposed departmental net and gross square feet for each department affected by the project.
  - d) Provide assurance that the project will comply with ADA commercial construction standards.
  - e) Provide description of permitting processes (local/regional/state) that the project will be subject to.
2. For projects involving lease arrangements:
  - a) Indicate the duration, dates, and terms of the lease.
  - b) Compare costs of lease with purchase option.
3. For projects involving the refinancing of existing debt:
  - a) Describe the terms of both old and new debt, interest and maturity.
  - b) Demonstrate cost savings of refinancing or describe reasons for refinancing.

## **B. NARRATIVE: GENERAL CRITERIA**

Address each of the following general criteria with a narrative that answers how and why you believe the proposal meets each criterion. Below each criterion is a list of questions; please address all that are applicable to your project. The term *project* refers to a capital construction project, other capital expenditure or new service with costs that exceed the thresholds identified in the COA application instructions.

If your Agency's proposal is a response to a request by the Department of Health's Division of Mental Health (DMH) or by the Department of Disabilities, Aging and Independent Living (DAIL), you do not need to respond to Criterion II (Need) and some of the questions in Criterion I ( Strategic Plan ). Rather, please describe how your proposal addresses the programmatic need identified by DMH or DAIL.

### ***Criterion I: Local Governance Support and Relationship of Proposed Project to Agency Strategic Plan***

**The proposal must have been reviewed and approved by the applicant's Board of Directors and the appropriate Local Standing Committee or Committees.**

Please provide documentation of these approvals and discuss how the proposal relates to or results from your agency's Strategic Plan or System of Care Plans? How is it consistent with your agency's mission? What, if any, other public input or involvement has your agency invited or participated in related to the project?

If the proposal is a response to a Request for Proposal (RFP) by either Department, please describe how it is consistent with the service request. If the proposal involves any new or reorganized services, describe how they will be coordinated with other services or providers in your area?

### ***Criterion II: Need for the Proposed Project***

**The project must be consistent with the State of Vermont Health Resources Management Plan (HRAP) and must demonstrate its plan for addressing identified needs.**

What is the need for the proposed project and how will it assist your agency in fulfilling its mission or in continuing to provide and/or improve its services. Please demonstrate that the proposed project is needed to do one or more of the following and, if so, how.

- (a) Maintain the availability and accessibility of developmental/mental health services. Why is the status quo not adequate to meet the need; and/or,
- (b) Meet specific unmet needs of the population. Provide a forecast of the unmet needs and describe the methodology for deriving this forecast; and/or,
- (c) Improve the mental health or developmental service needs of the population to be served. Describe the plan for accomplishing this and what the expected outcomes will be; and/or,
- (d) Increase the efficiency of administrative functions.

### ***Criterion III: Organizational Structure, Affiliations and Operations***

**An applicant for a Certificate of Approval must be a Vermont Mental Health and/or Developmental Services Designated or Specialized Service Agency.**

What is the organizational entity applying for this Certificate of Approval and, if not a single designated agency, please provide details about the organization's governance, organizational structure and plans for consumer involvement in governing the entity. Please describe any key organizational arrangements necessary to implement this proposal such as contracts, affiliations, or partnerships and the financial or other contributions that any affiliated organization or related party will be making to the project. What will be the impact of this project on your agency's operations such as staffing, management and programs?

#### ***Criterion IV: Financial Feasibility and Impact Analysis***

**Applicant must demonstrate the proposed project's financial feasibility and project sufficient resources to sustain operations and/or debt service demands over time.**

In addition to submitting the attached financial tables, please provide any narrative information that you believe would help illustrate the financial impact and feasibility of this project. If the tables reflect anything significant that requires an explanation or clarity, please address this in the narrative.

Were any alternatives to this proposal considered and, if so, why were they rejected? Explain why you believe there are no other less costly or more effective alternatives to be considered.

In the case of a construction or renovation project, please describe the costs and methods of the proposed construction, and demonstrate that they are reasonable as compared to the costs of similar construction in your local area.

Please address any of the following that are applicable to your proposed project:

- For projects that require high levels of debt financing relative to the cash flow of the institution, please submit the previous year's balance sheet and a projected balance sheet reflecting the increased debt level.
- For projects whose financial feasibility is endangered by low utilization, submit a financial forecast in which utilization levels are only sufficient for the service to break even financially.

#### **C: FINANCIAL TABLES**

Please complete the following financial tables which are attached, or available, in an Excel format.

<b><u>TABLE</u></b>	<b><u>DESCRIPTION</u></b>
1	Project Costs
2	Debt Financing Arrangement: Sources & Uses of funds
3A	Income Statement: Without Project
3B	Income Statement: Project Only
3C	Income Statement: With Project
4A	Balance Sheet-Unrestricted Funds: Without Project
4B	Balance Sheet-Unrestricted Funds: Project Only
4C	Balance Sheet-Unrestricted Funds: With Project
5A	Statement of Cash Flows: Without Project
5B	Statement of Cash Flows: Project Only
5C	Statement of Cash Flows: With Project